

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7321**

**BILL NUMBER:** HB 1435

**NOTE PREPARED:** Mar 28, 2011

**BILL AMENDED:**

**SUBJECT:** Amended personal property tax returns.

**FIRST AUTHOR:** Rep. Davis

**FIRST SPONSOR:** Sen. Paul

**BILL STATUS:** As Passed House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill extends the time for amending a personal property tax return from six months to one year from the date the original return was filed or the extension date, whichever is later.

The bill provides that if an amended personal property tax return is filed between six months and one year after the filing date or the extension date, whichever is later, the taxpayer's refund or credit, if any, is reduced by 10%.

The bill also provides that if the credit to which a taxpayer is entitled as the result of filing an amended property tax return exceeds \$25,000, a county auditor may carry the credit forward for not more than three succeeding years and apply the credit to the taxpayer's personal property taxes payable in those succeeding years, with any excess credit remaining after the third year refunded to the taxpayer.

**Effective Date:** May 15, 2011 (retroactive).

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Under current law, business personal property tax returns must be filed by May 15<sup>th</sup> of each year. The local assessor may grant an extension through June 14<sup>th</sup>. Taxpayers may also file an amended return within six months of the filing date or extended filing date if an extension was

granted. Beginning with tax returns originally due on May 15, 2011, this bill would allow an amended return to be filed within the 12 months following the normal or extended filing date.

Currently, if an amended return is filed by July 15<sup>th</sup>, the tax bill payable in the following year reflects the updated values. If the amended return is filed after July 15<sup>th</sup>, the tax bill payable in the following year is based on the values reported on the original return. Overpayments, if any, are credited to the taxpayer's tax bill for the next tax year. If the credit amount exceeds the tax due, the remaining credit is applied to taxes due in the following year (the second year following the credit issuance). Credits remaining after the second year are refunded. Credits for overpayments reduce property tax collections in the year in which they are applied.

Under this bill, a credit that is less than \$25,000 would be applied entirely against the next tax bill with any excess refunded. Credits over \$25,000 would be applied over three years, if necessary, with any excess refunded in the third year.

Since current law already addresses the payment of taxes for amended returns filed after July 15<sup>th</sup>, the additional six months granted by this bill to file an amended return should have no impact on current year tax collections. If the longer amendment period encourages the filing of additional amended returns, then subsequent year tax collections could be affected. Under the bill, credits and refunds for amended returns filed more than 6 months after the filing (or extended filing) date would be subject to a reduction of 10%.

In addition, the three year application period for overpayment credits that exceed \$25,000 could help to spread the credits (or collection reductions) over a longer period of time before a refund, if any, would have to be made.

**State Agencies Affected:**

**Local Agencies Affected:** County auditors; All taxing units.

**Information Sources:**

**Fiscal Analyst:** Bob Sigalow, 317-232-9859.